

Missouri Enterprise Zones

FY 2012 Annual Report



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SUMMARY

STATUTORY AUTHORITY

- Sections 135.200 to 135.270, RSMo
- Pursuant to SB 1155 (2004), the Enterprise Zone tax benefit program is being phased out of existence and replaced with the Enhanced Enterprise Zone program.

PURPOSE

To provide tax incentives which promote and facilitate the expansion of new and/or existing businesses in Missouri's many enterprise zones.

PROGRAM DESCRIPTION

The eligible project must be located in one of Missouri's "enterprise zones." Enterprise zones are specified geographic areas as set forth by statute and certified by the Department of Economic Development (DED). Designations are based on demographic eligibility and approval of a request by the local government. The number of zones that may be certified is limited by law.

Facility eligibility is determined by its primary Standard Industrial Classification (SIC) or North American Industrial Classification System (NAICS) code, and includes manufacturing, warehousing, wholesale distribution, mining, insurance, research and development, recycling operations, computer-related services, and certain office activities.

To receive credits, a facility must create at least two new jobs and make a new investment equal to or in excess of \$100,000 (\$1,000,000 for replacement facilities) in the claimed year as compared to the base year (the year prior to a facility's commencement of operations). The investment credits are based on the original cost of machinery, equipment, furniture, fixtures, land and building, and/or eight times the annual rental rate paid for the same, excluding inventory.

Credits may be issued for each of ten years after the commencement of operations, unless the life of the enterprise zone expires first. Local property tax abatement, a state income tax exemption, and state income tax credits may be provided as business incentives, based on the following factors:

- new jobs created at the facility;
- enterprise zone residents employed by the facility;
- employees classified as "difficult to employ", or special;
- training for zone residents or employees classified as difficult to employ; and
- the amount of new investment at the qualifying facility.

MISSOURI ECONOMIC IMPACT

As the Enterprise Zone Program continues to wind down, the Department of Economic Development issued \$192,415 in tax credits in fiscal year 2012. The company receiving credits generated \$993,415 in net new investment over the previous year's filing with no net new job creation. This same company generated \$49,753,391 in new investment for the total project over the base year and created 388 new jobs.

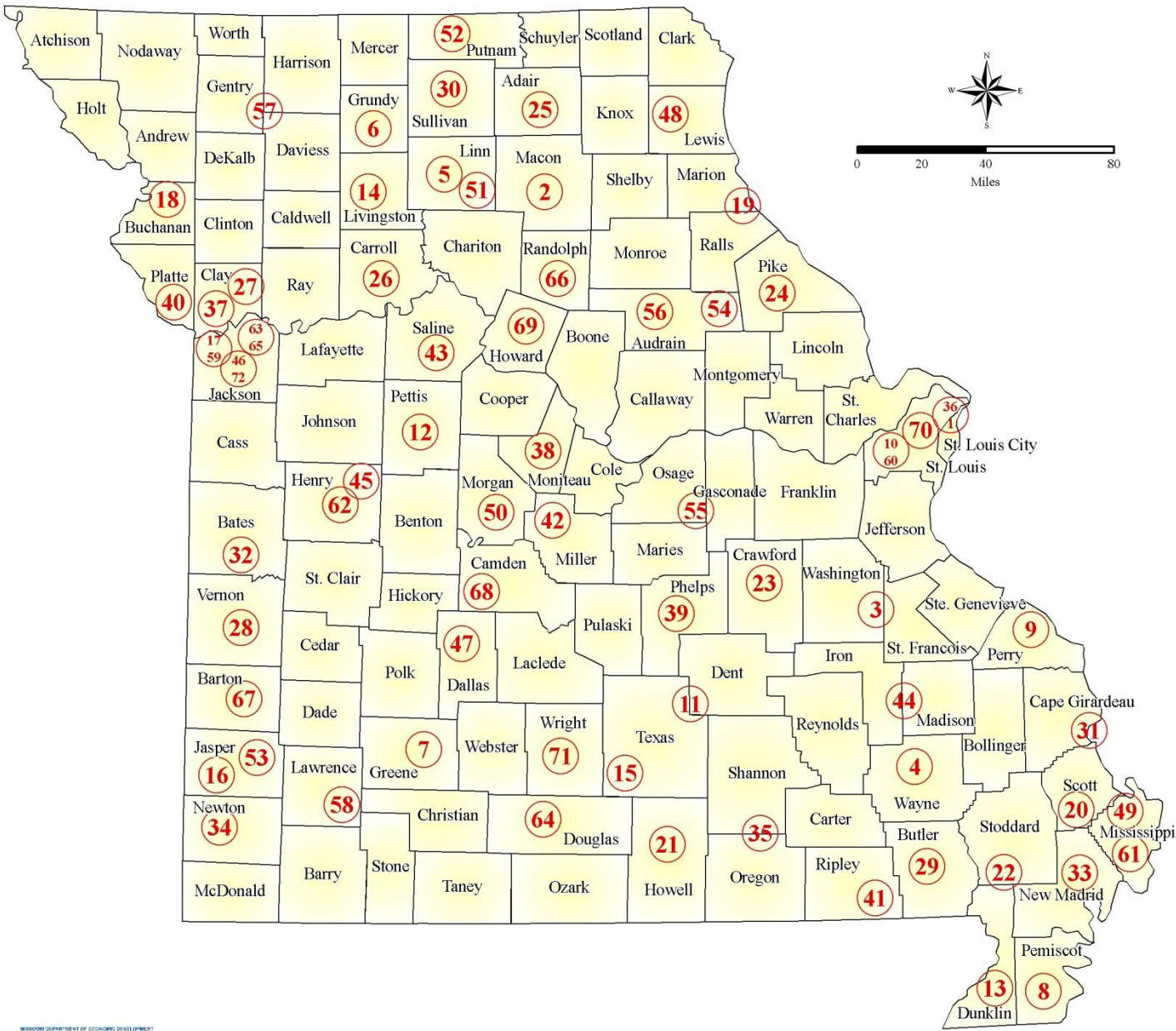
The overall state unemployment rate has decreased over the past year to 7.1 percent at fiscal year end, down from 8.7 percent in June 2011. This places Missouri's unemployment rate under the national unemployment rate, which was 8.2 percent.

MISSOURI ENTERPRISE ZONE PERFORMANCE

While the program generated some investment over fiscal year 2012, the number of businesses participating in the program continues to decrease, due primarily to zone and benefit expirations. As of June 30, 2012, 60 of the 72 enterprise zone designations had expired. All zones will expire by December 30, 2019. Because the MO Enterprise Zone program is sunset, the Department expects to see a continuing decline in the program's economic impact as zones continue to expire.

GEOGRAPHIC DISTRIBUTION

Missouri Enterprise Zones Locations



Economic Impact of Missouri Enterprise Zones, Fiscal Year 2012							
Enterprise Zone Number and Name	Expired Zone	Number of Facilities	Net New Investment from Previous FY³	Net New Jobs³	Zone Residents¹	Special Employees²	Total Credit Issued FY 2012
1. St. Louis Midtown	Y						
2. Macon/Macon County/Callao/Bevier							
3. Washington County.St Francois County/ Potosi/Park Hills	Y						
4. Wayne County/Greenville/Piedmont	Y						
5. Brookfield							
6. Trenton	Y						
7. Springfield	Y						
8. Pemiscot County/Caruthersville/Steele/Hayti/Cooter	Y						
9. Perryville	Y						
10. Wellston	Y						
11. Dent County/Texas County/Salem/Licking/Houston	Y						
12. Sedalia	Y						
13. Kennett	Y						
14. Chillicothe	Y						
15. Cabool	Y						
16. Joplin Area/Webb City	Y						
17. Kansas City	Y						
18. St. Joseph/Buchanan County	Y						
19. Hannibal	Y						
20. Sikeston	Y						
21. Howell County/West Plains/Willow Springs	Y						
22. Dunklin Co./Stoddard/ Co.Malden/Bernie/Campbell/Dexter	Y						
23. Cuba/Steelville/Crawford County	Y						
24. Pike	Y						
25. Kirksville	Y						
26. Carrollton	Y						
27. Excelsior Springs	Y						
28. Nevada/Vernon County	Y						
29. Poplar Bluff/Butler County	Y						
30. Milan/Sullivan County	Y						
31. Cape Girardeau/Cape Girardeau County	Y						
32. Butler	Y						

Enterprise Zone Number and Name	Expired Zone	Number of Businesses	Net New Investment from Previous FY ³	Net New Jobs ³	Zone Residents ¹	Special Employees ¹	Total Credits Issued
33. New Madrid	Y						
34. Neosho	Y						
35. Shannon County	Y						
36. St. Louis Saltellite	Y						
37. Clay County	Y						
38. California	Y						
39. Rolla	Y						
40. Kansas City Satellite #1	Y						
41. Ripley County	Y						
42. Miller County	Y						
43. Marshall	Y						
44. Madison Co./Iron Co./Fredericktown/Ironton/Pilot Knob	Y						
45. Windsor/Henry County/Pettis County	Y						
46. Kansas City Satellite #2 (Richard Gebaur)	Y						
47. Dallas County/Bufalo	Y						
48. Lewis County	Y						
49. Mississippi County	Y						
50. Morgan County	Y						
51. Marceline	Y						
52. Putnam County	Y						
53. Carthage	Y						
54. Vandalia	Y						
55. Gasconade Valley	Y						
56. Mexico	Y						
57. Daviess County/Gentry County/Harrison County	Y						
58. Aurora	Y						
59. Kansas City Federal Enterprise Community	Y						
60. St. Louis/Wellston Federal Enterprise Community	Y						
61. East Prarie Federal Enterprise Community	Y						
62. Clinton	Y						
63. Independence							
64. Ava							
65. Independence Satellite							
66. Moberly		1	\$993,741.00	0	97	0	\$192,415.00
67. Lamar							

Enterprise Zone Number and Name	Expired Zone	Number of Businesses	Net New Investment from Previous <i>FY3</i>	Net New Jobs ³	Zone Residents ¹	Special Employees ²	Total Credits Issued
68. Camden County							
69. Fayette							
70. North St. Louis County							
71. Wright county							
72. Independence Satellite Zone II - Southeast							
901. St. Louis Midtown EZ in Federal Enterprise Community							
910. Wellston EZ in Federal Empowerment Zone							
917. Kansas City EZ in Federal Enterprise Community							
949. East Prairie EZ in Federal Enterprise Community							
959. Kansas City Federal Enterprise Community not in KC EZ							
960. St. Louis/Wellston Federal Zone not in St. Louis EZ							
Totals:		1	\$993,741.00	0	97	0	\$192,415.00

¹ Indicates employees living in an area designated an enterprise zone.

² Employees were eligible for MO General Relief program, Temporary Assistance Program, or were unemployed at least 3 months prior to being hired at the facility.

³ Net new investment and net new jobs are calculated by comparing the previous year new investment and new jobs to current year new investment and new jobs for the businesses issued tax credits in FY2012.